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Open-ended Working Group of the Parties to the Montreal Protocol on Substances that Deplete the Ozone Layer
Fortieth meeting
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Indicative financial report on the trust funds for the Vienna Convention for the Protection of the Ozone Layer and the Montreal Protocol on Substances that Deplete the Ozone Layer for the fiscal year 2018 as at 30 April 2018

Note by the Secretariat

I. Introduction

1. By paragraph 13 of decision XX/20, the parties to the Montreal Protocol on Substances that Deplete the Ozone Layer requested the Secretariat to inform the Open-ended Working Group about all sources of income received, including the reserve, fund balance and interest, as well as actual and projected expenditures and commitments. The parties also requested the Executive Secretary to provide an indicative report on all expenditures against the agreed budget lines.

2. Pursuant to that decision, the Secretariat is circulating herewith the present note as information for the Open-ended Working Group at its fortieth meeting.

3. The present note provides information as at 30 April 2018 on the status of the trust funds for the Vienna Convention for the Protection of the Ozone Layer and for the Montreal Protocol. Section II provides information on the sources of income received. Section III provides information on the reserves, fund balance and interest. Section IV provides information on the expenditures and commitments against the approved budgets for the fiscal year 2018.

4. The present note should be read in conjunction with the proposed revision to the approved 2018 budget and the proposed budgets for 2019 and 2020 for the Trust Fund for the Montreal Protocol (UNEP/OzL.Pro/30/4) and the financial report on the trust funds for the Vienna Convention and the Montreal Protocol for the fiscal year 2017 (UNEP/OzL.Pro.30/5). The financial report, which traditionally has been presented as an addendum to the note by the secretariat on the proposed revision to the approved budget for a specific year and the proposed budgets for the following two years, includes the certified financial statements for the trust funds for the Vienna Convention and the Montreal Protocol, the earmarked contributions that support the activities of the Ozone Secretariat and the budget performance reports for the fiscal year 2017 for both trust funds. Advance versions of documents UNEP/OzL.Pro/30/4 and UNEP/OzL.Pro.30/5 on the budget and the financial report, respectively, are provided for the information of the Open-ended Working Group at its fortieth meeting.

5. In both the text and tables of the present note, all references to dollars ($) are to United States dollars, unless otherwise stated.

II. Status of contributions and other income

6. Section A of annex I to the present note shows the status of contributions to the Trust Fund for the Vienna Convention as at 30 April 2018. The outstanding contributions at that date amounted to $1,101,705, of which $636,380 was for 2017 and prior years and $465,325 was for 2018.

7. The outstanding contributions balance as at 31 December 2017 was $639,771 (see UNEP.Ozl.Pro.30/5). The total assessed voluntary contributions for 2018 amounted to $733,000. During the first four months of 2018, $267,562 was received from parties, of which $3,391 was for 2017 and prior years and $264,171 was for 2018. Together with advance payments from 2017 of $5,403 applied to the 2018 contributions, this brings the outstanding balance as at 30 April 2018 to $1,101,705.

8. Section B of annex I to the present note shows the status of contributions to the Trust Fund for the Montreal Protocol as at 30 April 2018. The outstanding contributions at that date amounted to $4,958,368, of which $1,961,493 was for 2017 and prior years and $2,996,875 was for 2018.

9. The balance of outstanding contributions as at 31 December 2017 was $2,985,285 (see UNEP.Ozl.Pro.30/5). Total assessed voluntary contributions for 2018 amounted to $5,546,722. During the first four months of 2018, a total of $3,554,568 was received from parties, of which $1,023,792 was for 2017 and prior years and $2,530,776 was for 2018. Together with advance payments from 2017 of $19,071 applied to the 2018 contributions, this brings the outstanding balance as at 30 April 2018 to $4,958,368.

10. As requested in paragraph 9 of decision XI/3 and paragraph 8 of decision XXIX/24 of the joint eleventh meeting of the Conference of the Parties to the Vienna Convention and the Twenty-Ninth meeting of the Parties to the Montreal Protocol, the Secretariat, in the first quarter of 2018, contacted parties with outstanding contributions for the trust funds for the Vienna Convention and the Montreal Protocol for 2017 and prior years with a view to finding a way forward. In addition, the President of the Conference of the Parties to the Vienna Convention and the President of the Meeting of the Parties to the Montreal Protocol, in conjunction with the Secretariat, will write to those parties whose contributions are still outstanding with regard to that issue during the second half of 2018.

11. The Secretariat will report on the progress achieved in those efforts to the Conference of the Parties at its twelfth meeting and the Thirtieth Meeting of the Parties.

12. The earmarked contributions received in the first four months of the fiscal year 2018 are listed in table 1.

Table 1
Earmarked contributions received by the Trust Fund for the Montreal Protocol as at 30 April 2018

Country	*Currency*	*Amount*	*Purpose*
European Union	EUR	10,747	Representing the final payment on the grant "Support to developing countries in the work on hydrofluorocarbons (HFCs) under the Montreal Protocol"

13. In paragraph 11 of decision XI/3 and paragraph 10 of decision XXIX/24, the parties requested the Secretariat to fully utilize the programme support costs available to it in 2018 and later years and, where possible, to offset those costs against the administrative components of the approved budget of the trust funds. The United Nations Environment Programme has allocated $394,698 to the Ozone Secretariat for the programme support cost budget for the fiscal year 2018.

14. The Secretariat would like to bring to the attention of the parties that the 2017 programme support cost budget of $622,000 included an overallocation of $136,656 owing to a technical error in the enterprise resource planning system (Umoja), which used an average effective rate of 16 per cent to calculate the programme support costs of the trust funds instead of the established 13 per cent. The issue has since been rectified and the 2018 programme support cost allocation of $394,698 is based on 13 per cent of the 2017 expenditure of the two trust funds and the established percentages of the earmarked contributions.

15. The Secretariat will fully utilize this amount to cover administrative costs, including the development of the online data reporting tool and salaries for staff with administrative roles.

III. Reserves, fund balance and interest

16. Table 2 shows the reserves and fund balances for the trust funds for the Vienna Convention and the Montreal Protocol as at 30 April 2018.

Table 2
Reserves and fund balance

	Trust Fund for the Vienna Convention	*Trust Fund for the Montreal Protocol*
Reserves[a]	118 225	832 008
Fund balance[b]	2 262 717	11 631 827
Total reserves and fund balance	**2 380 942**	**12 463 835**
[a] Statutory reserves equal to 15 per cent of the approved budget for 2018		
[b] Includes the cash balance and outstanding contributions as follows:		
Cash balance	1 460 242	6 846 064
Outstanding contributions	1 101 705	4 958 368

17. The reserves and fund balance for the trust fund for the Vienna Convention as at 31 December 2017 was $1,828,107, which includes cash, cash equivalents, investments and non-current investments. A detailed explanation of the reserves and fund balance will be provided in the financial report for the trust funds for the Vienna Convention and the Montreal Protocol for the fiscal year 2017 (UNEP.OzL.Pro.30/5). In brief, that balance is the result of low budget utilization in 2017 due mainly to (a) contributions by the Government of Canada for hosting the joint eleventh meeting of the Conference of the Parties to the Vienna Convention and the Twenty-Ninth Meeting of the Parties to the Montreal Protocol, and (b) parties paying their contributions in arrears. The reserves and fund balance as at 30 April 2018 (table 2) is derived from the reserves and fund balance as at 31 December 2017 plus the assessed voluntary contributions for 2018 amounting to $733,000, minus the contributions received (paragraph 7 above) and the cash disbursed during the first four months of the year. This brings the reserves and fund balance as at 30 April 2018 to $2,380,942.

18. The reserves and fund balance for the Trust Fund for the Montreal Protocol as at 31 December 2017 was $7,944,967. A detailed explanation of the reserves and fund balance will be provided in the financial report for the trust funds for the Vienna Convention and the Montreal Protocol for the fiscal year 2017 (UNEP.OzL.Pro.30/5). In brief, that balance is the result of the contributions by the Government of Canada for hosting the joint eleventh meeting of the Conference of the Parties to the Vienna Convention and the Twenty-Ninth Meeting of the Parties to the Montreal Protocol, and parties paying their contributions in arrears. The reserves and fund balance as at 30 April 2018 (table 2) is derived from the reserves and fund balance as at 31 December 2017 plus the assessed voluntary contributions for 2018 which amount to $5,546,722, minus the contributions received (paragraph 7 above) and the cash disbursed during the first four months of the year. This brings the reserves and fund balance as at 30 April 2018 to $12,463.835.

19. The cash balance, which includes cash, cash equivalents, investments and non-current investments and forms part of the fund balance, amounted to $1,461,341 as at 31 December 2017 for the Trust Fund for the Vienna Convention.This amount, in addition to the contributions received and the cash spent during the first four months of the year, brings the cash balance as at 30 April 2018 to $1,460,242.

20. The cash balance, which includes cash, cash equivalents, investments and non-current investments and forms part of the fund balance, amounted to $5,296,701 as at 31 December 2017 for the Trust Fund for the Montreal Protocol. This amount, in addition to the contributions received and the cash spent during the first four months of the year, brings the cash balance as at 30 April 2018 to $6,846,064.

21. Interest earned on the trust funds is recorded twice a year, in June and December, hence no report is given on interest as at 30 April 2018.

IV. Interim budget performance report

22. Annex II to the present note lists the actual expenditures and commitments – the interim budget performance report – against the approved budget for the fiscal year 2018 for the trust funds for the Vienna Convention and the Montreal Protocol as at 30 April 2018. The budget utilization rate as at 30 April 2018 was 28 per cent for the Trust Fund for the Vienna Convention and 24 per cent for the Trust Fund for the Montreal Protocol.

Annex I

Status of contributions to the trust funds for the Vienna Convention and the Montreal Protocol

A. Trust Fund for the Vienna Convention for the Protection of the Ozone Layer: status of contributions as at 30 April 2018

(United States dollars)

Party	*Unpaid contributions for 2017 and prior years as at 31 December 2017*	*2017 advance payments*	*Collections in 2018 for 2017 and prior years*	*Unpaid contributions for 2017 and prior years as at 30 April 2018*	*Pledged contributions for 2018*	*Collections during 2018 for 2018*	*Unpaid 2018 contributions as at 30 April 2018*	*Total unpaid contributions as at 30 April 2018*
Algeria	967			967	1 175		1 175	2 142
Argentina	–			–	6 510		6 510	6 510
Australia	–			–	17 057	17 057	–	–
Austria	–			–	5 255		5 255	5 255
Azerbaijan	2 429			2 429	–		–	2 429
Belgium	–			–	6 459		6 459	6 459
Brazil	–			–	27 903		27 903	27 903
Canada	–			–	21 319	21 319	–	–
Chile	–			–	2 912		2 912	2 912
China	–			–	57 812		57 812	57 812
Colombia	774			774	2 350		2 350	3 124
Czechia	–	2 511		–	2 511		–	–
Denmark	–			–	4 262	4 262	–	–
Egypt	–			–	1 109		1 109	1 109
European Union	–			–	18 247	18 247	–	–
Finland	–			–	3 328	3 328	–	–
France	–			–	35 464	35 464	–	–
Germany	–			–	46 631	46 631	–	–
Greece	–			–	3 438		3 438	3 438
Hungary	1 599			1 599	1 175		1 175	2 774
India	15 174			15 174	5 379		5 379	20 553
Indonesia	2 080			2 080	3 679		3 679	5 759
Iran (Islamic Republic of)	5 007			5 007	3 438		3 438	8 445
Iraq	–			–	942		942	942
Ireland	–			–	2 445	2 445	–	–

Party	*Unpaid contributions for 2017 and prior years as at 31 December 2017*	*2017 advance payments*	*Collections in 2018 for 2017 and prior years*	*Unpaid contributions for 2017 and prior years as at 30 April 2018*	*Pledged contributions for 2018*	*Collections during 2018 for 2018*	*Unpaid 2018 contributions as at 30 April 2018*	*Total unpaid contributions as at 30 April 2018*
Israel	–			–	3 138		3 138	3 138
Italy	–			–	27 355		27 355	27 355
Japan	20 000			20 000	70 651	24 473	46 178	66 178
Kazakhstan	–			–	1 394	1 394	–	–
Kuwait	–			–	2 080	2 080	–	–
Libya	4 890			4 890	912		912	5 802
Malaysia	–			–	2 350	2 350	–	–
Mexico	–			–	10 474	10 474	–	–
Netherlands	–			–	10 817	10 817	–	–
New Zealand	–			–	1 956	1 956	–	–
Nigeria	–			–	1 525		1 525	1 525
Norway	–			–	6 197	6 197	–	–
Oman	613		613	–	825		825	825
Peru	–	993		–	993	–	–	–
Philippines	2 778		2 778	–	1 204	1 150	54	54
Poland	–			–	6 138	6 138	–	–
Portugal	2 849			2 849	2 861		2 861	5 710
Qatar	–			–	1 963		1 963	1 963
Republic of Korea	–			–	14 882		14 882	14 882
Romania	–			–	1 343	1 343	–	–
Russian Federation	–			–	22 538	22 538	–	–
Saudi Arabia	9 682			9 682	8 364		8 364	18 046
Serbia	13 302			13 302	–		–	13 302
Singapore	–			–	3 262	3 262	–	–
Slovakia	–			–	1 168	1 168	–	–
South Africa	–			–	2 657	2 657	–	–
Spain	–			–	17 830		17 830	17 830
Sweden	–			–	6 977	6 977	–	–
Switzerland	–			–	8 320	8 320	–	–
Thailand	–			–	2 124	2 124	–	–
Turkey	–			–	7 430		7 430	7 430
Ukraine	–			–	752		752	752

Party	*Unpaid contributions for 2017 and prior years as at 31 December 2017*	*2017 advance payments*	*Collections in 2018 for 2017 and prior years*	*Unpaid contributions for 2017 and prior years as at 30 April 2018*	*Pledged contributions for 2018*	*Collections during 2018 for 2018*	*Unpaid 2018 contributions as at 30 April 2018*	*Total unpaid contributions as at 30 April 2018*
United Arab Emirates	3 708			3 708	4 408		4 408	8 116
United Kingdom of Great Britain and Northern Ireland	–			-	32 574		32 574	32 574
United States of America	535 862			535 862	160 570		160 570	696 432
Uzbekistan	1 083			1 083	–		–	1 083
Venezuela (Bolivarian Republic of)	16 974			16 974	4 168		4 168	21 142
Total	**639 771**	**5 403**	**3 391**	**636 380**	**733 000**	**264 171**	**465 325**	**1 101 705**

B. Trust Fund for the Montreal Protocol on Substances that Deplete the Ozone Layer: status of contributions as at 30 April 2018

(United States dollars)

Party	*Unpaid contributions for 2017 and prior years as at 31 December 2017*	*2017 advance payments*	*Collections in 2018 for 2017 and prior years*	*Unpaid contributions for 2017 and prior years as at 30 April 2018*	*Pledged contributions for 2018*	*Collections during 2018 for 2018*	*Unpaid contributions for 2018 as at 30 April 2018*	*Total unpaid contributions as at 30 April 2018*
Algeria	9 211			9 211	8 892		8 892	18 103
Argentina	51 119		51 119		49 265		49 265	49 265
Australia	–			–	129 072	129 072	–	–
Austria	–			–	39 765		39 765	39 765
Belarus	50 467			50 467	–		-	50 467
Belgium	–			–	48 878		48 878	48 878
Brazil	–			–	211 143		211 143	211 143
Canada	–			–	161 326	161 326	–	–
Chile	8 616		8 616	–	22 037		22 037	22 037
China	–			–	437 475		437 475	437 475
Colombia	–			–	17 784	17 784	–	–
Czechia	–	18 999		–	18 999	–	–	–
Denmark	–			–	32 254		32 254	32 254
Egypt	8 693			8 693	8 395		8 395	17 088
European Union	–			–	138 074	138 074	–	–
Finland	–	20		–	25 185	25 165	–	–
France	–			–	268 361	268 361	–	–
Germany	–			–	352 863	352 863	–	–
Greece	–			–	26 013		26 013	26 013
Hungary	9 211			9 211	8 892		8 892	18 103
India	81 621			81 621	40 704		40 704	122 325
Indonesia	28 898			28 898	27 836		27 836	56 734
Iran (Islamic Republic of)	110 300			110 300	26 013		26 013	136 313
Iraq	7 368			7 368	7 125		7 125	14 493
Ireland	–			–	18 502	18 502	–	–
Israel	7 757			7 757	23 749		23 749	31 506
Italy	–			–	207 001	207 001	–	–
Japan	–			–	534 624	534 624	–	–
Kazakhstan	–			–	10 549		10 549	10 549
Kuwait	–			–	15 740	15 740	–	–

Party	*Unpaid contributions for 2017 and prior years as at 31 December 2017*	*2017 advance payments*	*Collections in 2018 for 2017 and prior years*	*Unpaid contributions for 2017 and prior years as at 30 April 2018*	*Pledged contributions for 2018*	*Collections during 2018 for 2018*	*Unpaid contributions for 2018 as at 30 April 2018*	*Total unpaid contributions as at 30 April 2018*
Libya	50 296			50 296	6 904		6 904	57 200
Malaysia	–			–	17 784	17 784	–	–
Mexico	–			–	79 255	79 255	–	–
Netherlands	–			–	81 850	81 850	–	–
New Zealand	–			–	14 802	14 802	–	–
Nigeria	11 974			11 974	11 543		11 543	23 517
Norway	–			–	46 890	46 890	–	–
Oman	–			–	6 241		6 241	6 241
Peru	13 359			13 359	7 511		7 511	20 870
Philippines	–	52		–	9 113	9 061	–	–
Poland	–			–	46 448	46 448	–	–
Portugal	–			–	21 650		21 650	21 650
Qatar	–			–	14 857		14 857	14 857
Republic of Korea	29 860			29 860	112 613		112 613	142 473
Romania	–			–	10 162	10 162	–	–
Russian Federation	–			–	170 549	170 549	–	–
Saudi Arabia	122 252		36 831	85 421	63 293		63 293	148 714
Serbia	43 724			43 724	–		–	43 724
Singapore	–			–	24 688	24 688	–	–
Slovakia	–			–	8 837	8 837	–	–
South Africa	–			–	20 104	20 104	–	–
Spain	927 226		927 226	–	134 926		134 926	134 926
Sweden	–			–	52 800	52 800	–	–
Switzerland	–			–	62 962	62 962	–	–
Thailand	–			–	16 072	16 072	–	–
Turkey	–			–	56 224		56 224	56 224
Ukraine	5 929			5 929	5 689		5 689	11 618
United Arab Emirates	–			–	33 359		33 359	33 359
United Kingdom	–			–	246 490		246 490	246 490
United States	1 262 939			1 262 939	1 215 054		1 215 054	2 477 993

Party	*Unpaid contributions for 2017 and prior years as at 31 December 2017*	*2017 advance payments*	*Collections in 2018 for 2017 and prior years*	*Unpaid contributions for 2017 and prior years as at 30 April 2018*	*Pledged contributions for 2018*	*Collections during 2018 for 2018*	*Unpaid contributions for 2018 as at 30 April 2018*	*Total unpaid contributions as at 30 April 2018*
Uzbekistan	4 654			4 654	–		–	4 654
Venezuela (Bolivarian Republic of)	139 811			139 811	31 536		31 536	171 347
Total	**2 985 285**	**19 071**	**1 023 792**	**1 961 493**	**5 546 722**	**2 530 776**	**2 996 875**	**4 958 368**

Annex II

Trust funds for the Vienna Convention and the Montreal Protocol

Interim 2018 budget performance report as at 30 April 2018[1]

(in United States dollars)

		Trust Fund for the Vienna Convention		*Trust Fund for the Montreal Protocol*	
		2018 approved budget	*Expenditure as at 30 April 2018*	*2018 approved budget*	*Expenditure as at 30 April 2018*
	Personnel costs				
1000	Employee salaries, allowances and benefits	**566 993**	**171 276**	**1 512 734**	**417 828**
1200	Consultants	–	–	**85 000**	**44 220**
1300	**Meeting costs**				
1321	Conference Services costs – Open-ended Working Group meeting (OEWG40, July 2018, Vienna)	–	–	676 000	225 634
1322	Conference Services costs – preparatory meetings and Meeting of the Parties (MOP30, November 2018, Quito)	–	–	700 000	–
1323	Communication costs of Article 5 party assessment panel members and organization costs of panel meetings	–	–	70 000	37 748
1324	Conference Services costs – Bureau meetings	–	–	25 000	–
1325	Conference Services costs – 60th and 61st meetings of the Implementation Committee (to be held in conjunction with OEWG40 and MOP30)	–	–	125 000	62 779
1326	Conference Services costs – Montreal Protocol informal consultation meetings	–	–	–	–
1327	Conference Services costs – tenth meeting of the Ozone Research Managers	–	–	–	–
1328	Promotional activities for the protection of the ozone layer	10 000	–	–	–
5401	Hospitality	–	–	25 000	–
	Subtotal: meeting costs	**10 000**	**-**	**1 621 000**	**326 161**
3300	**Travel of Article 5 parties and experts**				
3301	Article 5 party travel – assessment panel meetings	–	–	400 000	202 824
3302	Article 5 party travel – preparatory meetings and meetings of the parties	–	–	375 000	–
3303	Article 5 party travel – Open-ended Working Group meetings	–	–	325 000	53 811
3304	Article 5 party travel – Bureau meetings	–	–	20 000	–

		Trust Fund for the Vienna Convention		*Trust Fund for the Montreal Protocol*	
		2018 approved budget	*Expenditure as at 30 April 2018*	*2018 approved budget*	*Expenditure as at 30 April 2018*
3305	Article 5 party travel – Implementation Committee meetings	–	–	125 000	430
	Subtotal: Travel of Article 5 parties and experts	–	–	**1 245 000**	**257 064**
1600	**Travel on official business**				
1601	Staff travel on official business	30 000	18 160	210 000	87 821
1602	Conference Services staff travel on official business	–	–	15 000	4 508
	Subtotal: Staff travel	**30 000**	**18 160**	**225 000**	**92 329**
4100-5300	**Other operational costs: supplies and consumables**				
4100	Expendable equipment	8 000	–	18 000	14 001
4200	Non-expendable equipment	10 000	5 000	25 000	9 470
4300	Rental of premises	17 500	–	41 870	–
5100	Operation and maintenance of equipment	7 500	203	20 000	–
5200	Reporting costs	7 500	–	75 000	6 683
5300	Sundry	40 000	–	40 000	12 691
	Subtotal: other operational costs	**90 500**	**5 203**	**219 870**	**42 844**
	Total direct costs	**697 493**	**194 639**	**4 908 604**	**1 180 445**
	Programme support costs (13 per cent)	90 674	25 303	638 118	153 458
	Grand total	**788 167**	**219 942**	**5 546 722**	**1 333 903**
	Budget utilization rate		**28%**		**24%**

[1] The budget performance report has been prepared for the purpose of comparing the authorized budget to the expenditures during the reporting period and is based on a modified cash basis of accounting.